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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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THIS IS UNEVALUATED INFORMATION

1. The Wage Fund, providing for personnel expenditures for government and national enterprise employees, was established at the end of 1951 in conjunction with the liquidation of the Standardized System (Systemisace Mist) of government employment. This system had established the exact number of employees, the individual positions, and the salary grades in each government office; further, it provided an automatic promotion scale so that it was possible to anticipate changes in personnel status and thus, changes in salaries. With the liquidation of the Standardized System, the automatic promotion policy was substantially modified; it applied only to employees, with less than 20 years of service in the lowest eight of the nine salary groups. All other regular employees were slotted in Grade 9 and their positions and salaries were determined individually.
2. The Wage Fund was a part of the National Budget. The fund was divided into two categories: -- expenditures for regular personnel and contract employees (osobni a nedsobni fond). In determining the total amount for the salaries of all regular government employees, the theoretical supposition was that each ministry and central government office's share was a sum which equalled the number of employees (as stated in the approved Plan of Labor) multiplied by the average salary (approved by the Government Wage Commission, directly under the Presidium of the government). This sum, however, was usually slightly higher than the exact average salary in order to provide for changes in salaries and allotments.
3. The other category of the Wage Fund was for contract employees (so-called third persons, treti osoby), i.e., those who were contracted to perform certain tasks only and who were not included in the Plan of Labor. The total amount of this category, as well as the amount for each ministry or central government office, was based on a detailed survey of potential expenditures of this kind.

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In no case, however, could this fund be used to provide compensation for tasks which, by their nature, fell into the category of responsibilities of the regular employees. This was true regardless of whether the tasks were actually performed by a regular or contract employee.

4. The Wage Fund, in spite of the fact that it was included in the approved budget of the Ministry of Agriculture, as was true of other government ministries and independent agencies, did not represent an actual source of money from which the Ministry was authorized to draw freely. As a matter of fact, the Ministry had to obtain approval from the Ministry of Finance and the Government Wage Commission for the total amount of monthly salaries and allotments every three months. In order to obtain approval the Ministry had to submit the number of employees, their positions, and average salary; this had to be redetermined every three months. Before being approved, the adequacy of the number of employees and their respective positions as well as the average salary were checked, (In the case of national enterprises, the amount of monthly wages approved was also dependent upon the percentage of their fulfillment of the production plan.) The Ministry of Finance reported the current monthly amount approved for each ministry or agency to the State Bank each month; the State Bank credited only this amount, plus two per cent, to the Ministry whether or not a larger amount was provided in the budget. The additional two per cent was to cover irregular, unpredictable expenditures during the period. If the two per cent or any part of it spent was not approved later by the Ministry of Finance, it was deducted from the credit for the following month. Money for contract employees was handled in a similar manner.
5. These administrative procedures required very precise numerical data and were so complicated that they often produced inaccuracy.

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